

Cited as "1 FE Para. 70,488"

Texaco Gas Marketing Inc. (FE Docket No. 91-52-NG), October 25, 1991.

DOE/FE Opinion and Order No. 540

Order Granting Blanket Authorization to Export Natural Gas to Canada

I. Background

On July 22, 1991, Texaco Gas Marketing Inc. (TGMI) filed an application with the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to export from the United States to Canada up to 80 Bcf of U.S. natural gas over a two-year period commencing with the date of first delivery. TGMI would utilize existing pipeline facilities for the transportation of the proposed volumes to be exported and would submit quarterly reports detailing each export transaction.

TGMI, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of Texaco Exploration and Producing Inc., which in turn is wholly owned by Texaco Inc. TGMI intends to purchase and export natural gas for its own account or as an agent on behalf of domestic suppliers or Canadian purchasers. TGMI states the contractual arrangements will be the product of arms-length negotiations with an emphasis on competitive prices and contract flexibility. In support of its application, TGMI maintains that there is no present domestic need for the gas to be exported and that its export proposal will supply a market for surplus U.S. gas.

A notice of the application was issued on August 22, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 30, 1991.^{1/} No comments or motions to intervene were received.

II. Decision

The application filed by TGMI has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

TGMI's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. The current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which TGMI proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, TGMI's proposal, like other blanket export proposals that have been approved by the DOE,^{3/} will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada. Thus, TGMI's export arrangement will enhance cross-border competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting TGMI blanket authorization to export up to 80 Bcf of natural gas to Canada over a period of two years, is not inconsistent with the public interest and should be approved.^{4/}

ORDER

For reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Texaco Gas Marketing Inc. (TGMI) is authorized to export up to 80 Bcf of natural gas from the United States to Canada over a two-year term beginning on the date of the first delivery.

B. TGMI is authorized to export natural gas at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, TGMI shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the exports authorized by this Order, TGMI shall file within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made, and if so, giving, by month, the total volume of the exports per Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, geographic markets served, and if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by paragraph D. of this order is due not later than January 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

Issued in Washington, D.C., on October 25, 1991.

--Footnotes--

1/ 56 FR 42730, August 29, 1991.

2/ 15 U.S.C. Sec. 717b.

3/ See, e.g., Coenergy Ventures, Inc., 1 FE Para. 70,448 (May 16, 1991); POCO Petroleum, Inc., 1 FE Para. 70,388 (November 29, 1990); ICG Energy Marketing, Inc., 1 FE Para. 70,384 (November 23, 1990).

4/ Because the proposed exportation of gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and

therefore an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).